

CITY OF RANCHO CUCAMONGA

Audit Report

SPECIAL GAS TAX STREET IMPROVEMENT FUND

July 1, 2003, through June 30, 2009

TRAFFIC CONGESTION RELIEF FUND ALLOCATIONS

July 1, 2003, through June 30, 2009



JOHN CHIANG
California State Controller

September 2012



JOHN CHIANG
California State Controller

September 11, 2012

Dennis L. Michael
Mayor of the City of Rancho Cucamonga
10500 Civic Center Drive
Rancho Cucamonga, CA 91730

Dear Mayor Michael:

The State Controller's Office audited the City of Rancho Cucamonga's Special Gas Tax Street Improvement Fund for the period of July 1, 2003, through June 30, 2009. We also audited the Traffic Congestion Relief Fund (TCRF) allocations recorded in the Proposition 42 Fund for the period of July 1, 2003 through June 30, 2009.

Our audit disclosed that the city accounted for and expended its Special Gas Tax Street Improvement Fund—highway users tax and Traffic Congestion Relief Fund recorded in the Proposition 42 Fund in compliance with requirements, except that the city overstated the fund balance in the Traffic Congestion Relief Fund recorded in the Proposition 42 Fund by \$209,997 as of June 30, 2009. The city overstated the fund balance because it did not expend its fiscal year 2005-06 TCRF allocations by June 30, 2007, as required by Streets and Highways Code section 2182.1(g). Therefore, the city must return \$209,997 to the State.

The city did not comply with the requirements for the Traffic Congestion Relief Fund, as the fund was not fully expended. Per Streets and Highways Code section 2182.1(g), the TCRF allocations for fiscal year 2005-06 must be fully expended by June 30, 2007. As of June 30, 2009, the fund had a residual amount of \$209,997. This amount must be returned to the State of California.

If you have any questions, please contact Steven Mar, Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/bf

Attachment

Dennis L. Michael, Mayor

-2-

September 11, 2012

cc: John Gillison, City Manager
City of Rancho Cucamonga
Tamara L. Layne, Finance Director
City of Rancho Cucamonga

Contents

Audit Report

| | |
|---|----------|
| Summary | 1 |
| Background | 1 |
| Objective, Scope, and Methodology | 1 |
| Conclusion | 2 |
| Follow-Up on Prior Audit Findings | 2 |
| Views of Responsible Official | 2 |
| Restricted Use | 3 |
| Schedule 1—Reconciliation of Fund Balance | 4 |
| Finding and Recommendation | 5 |
| Attachment—City’s Response to Draft Audit Report | |

Audit Report

Summary

The State Controller's Office audited the City of Rancho Cucamonga's Special Gas Tax Street Improvement Fund Program for the period of July 1, 2003, through June 30, 2009. We also audited the Traffic Congestion Relief Fund (TCRF) allocations recorded in the Proposition 42 Fund for the period of July 1, 2003, through June 30, 2009.

Our audit disclosed that the city accounted for and expended its Special Gas Tax Street Improvement Fund and TCRF allocations recorded in the Proposition 42 Fund in compliance with requirements, except that the city overstated the fund balance for the TCRF allocations recorded in the Proposition 42 Fund by \$209,997 as of June 30, 2009. The city overstated the fund balance because it did not expend its fiscal year 2005-06 TCRF allocations by June 30, 2007, as required by Streets and Highways Code section 2182.1(g). Therefore, the city must return \$209,997 to the State.

Background

The State apportions funds monthly from the highway user's tax account in the transportation tax fund to cities and counties for the construction, maintenance, and operation of local streets and roads. The highway user's taxes derive from state taxes on the sale of motor vehicle fuels. In accordance with Article XIX of the California Constitution and Streets and Highways Code section 2101, a city must deposit all apportionments of highway user's taxes in its Special Gas Tax Street Improvement Fund. A city must expend gas tax funds only for street-related purposes. We conducted our audit of the city's Special Gas Tax Street Improvement Fund under the authority of Government Code section 12410.

Government Code section 14556.5 created a Traffic Congestion Relief Fund in the State Treasury for allocating funds quarterly to cities and counties for street or road maintenance, reconstruction, and storm damage repair. Cities must deposit funds received into the city account designated for the receipt of state funds allocated for transportation purposes. The city recorded its TCRF allocations in the Proposition 42 Fund. We conducted our audit of the city's TCRF allocations under the authority of Revenue and Taxation Code section 7104.

Objective, Scope, and Methodology

Our audit objective was to determine whether the city accounted for and expended the Special Gas Tax Street Improvement Fund and the TCRF allocations recorded in the Proposition 42 Fund in compliance with Article XIX of the California Constitution and the Streets and Highways Code.

To meet the audit objective, we determined whether the city:

- Properly deposited highway users tax apportionments and other appropriate revenues in the Special Gas Tax Street Improvement Fund;

- Properly deposited TCRF allocations into an account designated for the receipt of state funds allocated for transportation purposes;
- Expended funds exclusively for authorized street-related purposes; and
- Made available unexpended funds for future expenditures.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We did not audit the city's financial statements. We limited our audit scope to planning and performing the audit procedures necessary to obtain reasonable assurance that the city accounted for and expended the Special Gas Tax Street Improvement Fund and the TCRF allocations recorded in the Proposition 42 Fund in accordance with the requirements of the Streets and Highways Code and Revenue and Taxation Code section 7104. Accordingly, we examined transactions, on a test basis, to determine whether the city expended funds for street purposes. We considered the city's internal controls only to the extent necessary to plan the audit.

Conclusion

Our audit disclosed that the City of Rancho Cucamonga accounted for and expended its Special Gas Tax Street Improvement Fund in compliance with Article XIX of the California Constitution and the Streets and Highways Code for the period of July 1, 2003, through June 30, 2009.

Our audit also disclosed that the city accounted for and expended its TCRF allocations recorded in the Proposition 42 Fund in compliance with Article XIX of the California Constitution, the Streets and Highways Code, and Revenue and Taxation Code section 7104 for the period of July 1, 2003, through June 30, 2009, except as noted in Schedule 1 and described in the Finding and Recommendation section of this report. The finding requires an adjustment of \$209,997 to the city's accounting records.

Follow-Up on Prior Audit Findings

Our prior audit report, issued in December 2002, disclosed no findings.

Views of Responsible Official

We issued a draft audit report on April 27, 2012. Tamara Layne, Finance Director, responded by letter dated May 22, 2012, disagreeing with the audit results. The city's response is included in this final audit report as an attachment.

Restricted Use

This report is intended for the information and use of the City of Rancho Cucamonga's management and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

September 11, 2012

**Schedule 1—
Reconciliation of Fund Balance
July 1, 2003, through June 30, 2009**

| | Special Gas Tax Street Improvement Fund | Traffic Congestion Relief Fund Allocations |
|--|--|---|
| Beginning fund balance per city | \$ 2,116,181 | \$ 1,496,796 |
| Revenues | <u>2,829,905</u> | <u>1,515,896</u> |
| Total funds available | 4,946,086 | 3,012,692 |
| Expenditures | <u>(3,112,102)</u> | <u>(1,775,644)</u> |
| Ending fund balance per city | 1,833,984 | 1,237,048 |
| SCO adjustment: | | |
| Finding—TCRF expenditure requirement not met | — | (209,997) |
| SCO adjustment | <u>—</u> | <u>—</u> |
| Ending fund balance per audit | <u><u>\$ 1,833,984</u></u> | <u><u>\$ 1,027,051</u></u> |

Finding and Recommendation

FINDING— TCRF expenditure requirement not met

The city did not expend its entire fiscal year (FY) 2005-06 Traffic Congestion Relief Fund (TCRF) allocations, totaling \$732,327, by June 30, 2007, as required by Streets and Highways Code section 2182.1(g). This code section requires a city to expend its TCRF allocation within the fiscal year following the fiscal year in which the allocation was made. In addition, the code requires that funds not expended within that period shall be returned to the State. Our audit found that \$711,224 of the FY 2006-07 allocation remained unexpended as of June 30, 2007.

Recommendation:

The city must return the TCRF allocation, in the amount of \$711,224, to the State Controller's Office: ATTN: Bill Byall, P.O. Box 942850, Sacramento, CA 94250.

City's Response:

According to your letter, the audit disclosed that the City did not comply with requirements of the TCRF because it did not expend its FY 2005-06 TCRF allocation by June 30, 2007, and, therefore, must return \$711,224 to the State.

According to the City's records, \$91,293.11 was expended and recorded in FY 2006-07 (see Exhibit A) with an additional \$1,481,386.74 recorded in August 2007 for street overlay work performed as valid expenditures of the FY 2005-06 TCRF allocation.

On August 29, 2006, the City opened the solicited bids for its FY 2006-07 Local Street Pavement Rehabilitation/Overlay Project to be funded by TCRF allocations. The bid was awarded to a vendor on September 20, 2006; however, due to the vendor being non-responsive to the needs of the City, the contract was terminated on December 6, 2006, and the City was unable to complete this weather sensitive work early in the fiscal year as originally planned. The project was re-bid with the bid opening occurring on March 13, 2007. On April 4, 2007, the City awarded a contract to R.J. Noble for the FY 2006-07 Local Street Pavement Rehabilitation/Overlay Project (see Exhibit C). Work on this project began on June 18, 2007 (SEE Exhibit D), with the majority of the work being completed by July 20, 2007. Had the project not been required to be re-bid, the project would have been fully completed by June 30, 2007, per TCRF requirements.

The City has historically spent their TCRF monies in a timely manner and in accordance with the requirements of State. It was the City's intention to spend the FY 2005-06 allocation by June 30, 2007; however, due to the City having to re-bid this project, the monies were not fully expended until July 20, 2007. Therefore, the City believes they have demonstrated due diligence in complying with the State requirements and should not have to return \$711,224 to the State.

SCO's Comment:

In its response, the city indicated that it found additional eligible street expenditures that can be applied against the 2005-06 TCRF allocations. The city explained that \$91,293 was expended and recorded in FY 2006-07, with an additional \$1,481,287 recorded in August 2007 for street overlay work performed in June and July 2007. Subsequently, the SCO auditor returned to the city and reviewed the documents made available by city staff. The SCO review validated \$501,227 of eligible costs. The result is that the original finding of \$711,224 is reduced by \$501,227, to \$209,997. The revised amount that the city must reimburse the SCO is \$209,997.

**Attachment—
City's Response to
Draft Audit Report**



Mayor L. DENNIS MICHAEL • *Mayor Pro Tem* SAM SPAINBORO
Council Members WILLIAM J. ALEXANDER, CHUCK BUQUET, DIANE WILLIAMS
City Manager JOHN R. GIBSON

THE CITY OF RANCHO CUCAMONGA

May 22, 2012

Steven Mar, Chief
Local Government Audits Bureau
State Controller Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Brownfield:

The City of Rancho Cucamonga is in receipt of your letter dated April 27, 2012, regarding the audit of the City's Special Gas Tax Street Improvement Fund and the Traffic Congestion Relief Fund (TCRF) allocations recorded in the Proposition 42 Fund for the period of July 1, 2003 through June 30, 2009.

According to your letter, the audit disclosed that the City did not comply with the requirements of the TCRF because it did not expend its FY 2005-06 TCRF allocation by June 30, 2007, and, therefore, must return \$711,224 to the State.

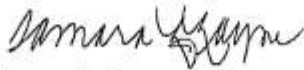
According to the City's records, \$91,293.11 was expended and recorded in FY 2006-07 (see Exhibit A) with an additional \$1,481,386.74 recorded in August 2007 for street overlay work performed in June and July 2007 (see Exhibit B). We believe these expenditures should be considered as valid expenditures of the FY 2005-06 TCRF allocation.

On August 29, 2006, the City opened the solicited bids for its FY 2006-07 Local Street Pavement Rehabilitation/Overlay Project to be funded by TCRF allocations. The bid was awarded to a vendor on September 20, 2006; however, due to the vendor being non-responsive to the needs of the City, the contract was terminated on December 6, 2006, and the City was unable to complete this weather sensitive work early in the fiscal year as originally planned. The project was re-bid with the bid opening occurring on March 13, 2007. On April 4, 2007, the City awarded a contract to R.J. Noble for the FY 2006-07 Local Street Pavement Rehabilitation/Overlay Project (see Exhibit C). Work on this project began on June 18, 2007 (see Exhibit D), with the majority of the work being completed by July 20, 2007. Had the project not been required to be re-bid, the project would have been fully completed by June 30, 2007, per TCRF requirements.

The City has historically spent their TCRF monies in a timely manner and in accordance with the requirements of State. It was the City's intention to spend the FY 2005-06 allocation by June 30, 2007; however, due to the City having to re-bid this project, the monies were not fully expended until July 20, 2007. Therefore, the City believes they have demonstrated due diligence in complying with the State requirements and should not have to return \$711,224 to the State.

We look forward to reviewing this matter with you and receiving an updated draft report. If you need to contact me, I can be reached at (909) 477-2700, extension 2430. Thank you for your assistance with this matter.

Sincerely,



Tamara L. Layne
Finance Director

Attachments

Cc: John Gillison, City Manager
City of Rancho Cucamonga

GL Ledger Code: GL
Fiscal Year: 2007

CITY OF RC IFAS797-PROD
GL Transaction Detail
7/1/2006 through 6/30/2007

Org Key: 1190303 - Prop 42-Traffic Congestion Mit

Object: 5650 - Capital Project

| <u>Post Date</u> | <u>Reference</u> | <u>Ref. 2</u> | <u>Description</u> | <u>Debit</u> | <u>Credit</u> | <u>Balance</u> |
|------------------------|------------------|---------------|-----------------------------------|--------------|---------------|----------------|
| 12/06/2006 | PMT 4-A | 051160 | AUFBAU CORPORAT CONSTRUCTION I | 11,020.00 | 0.00 | 11,020.00 |
| 12/20/2006 | PMT 1E | 051282 | AMERICAN ASPHAL PROGRESS PAYME | 12,188.26 | 0.00 | 23,208.26 |
| 01/10/2007 | PMT 2-B | 051282 | AMERICAN ASPHAL PROGRESS PAYME | 6,600.00 | 0.00 | 29,808.26 |
| 01/10/2007 | PMT 5 | 051160 | AUFBAU CORPORAT CONSTRUCTION I | 2,492.00 | 0.00 | 32,300.26 |
| 03/21/2007 | 10503 | 051298 | BOND BLACKTOP I PAVEMENT REHAB | 44,354.85 | 0.00 | 76,655.11 |
| 05/23/2007 | 10 | 051160 | AUFBAU CORPORAT PROFESSIONAL S | 1,009.00 | 0.00 | 77,664.11 |
| 05/31/2007 | 10- | | AUFBAU CORPORAT CORRECT AP2520 | 0.00 | 1,009.00 | 76,655.11 |
| 05/31/2007 | 1486 | | AUFBAU CORPORAT CORRECT AP2520 | 1,009.00 | 0.00 | 77,664.11 |
| 06/30/2007 | 363 02N-01 | 051628 | DAWSON SURVEYIN PROFESSIONAL S | 5,930.00 | 0.00 | 83,594.11 |
| 06/30/2007 | 363 02N 02 | 051628 | DAWSON SURVEYIN PROGRESS PAYME | 2,220.00 | 0.00 | 85,814.11 |
| 06/30/2007 | 1506 | 051160 | AUFBAU CORPORAT PROFESSIONAL S | 5,479.00 | 0.00 | 91,293.11 |
| Object 5650 Total: | | | | 92,302.11 | 1,009.00 | 91,293.11 |
| Org Key 1190303 Total: | | | | 92,302.11 | 1,009.00 | 91,293.11 |
| Grand Total: | | | | 92,302.11 | 1,009.00 | 91,293.11 |



User: KSALDANA
Report: GL_TRNS_DTL_RC

KRISTIE SALDANA
GL: Transaction Detail Report

Page: 1

Date: 05/22/2012
Time: 13:19:30

Exhibit "A"

GL Ledger Code: GL
Fiscal Year: 2008

CITY OF RC IFAS797-PROD
GL Transaction Detail
7/1/2007 through 6/30/2008

Org Key: 1190303 - Prop 42-Traffic Congestion Mit

Object: 5650 - Capital Project

| <u>Post Date</u> | <u>Reference</u> | <u>Ref. 2</u> | <u>Description</u> | <u>Debit</u> | <u>Credit</u> | <u>Balance</u> |
|------------------------|------------------|---------------|-----------------------------------|--------------|---------------|----------------|
| 08/22/2007 | PMT #1 | 051629 | NOBLE COMPANY, PROGRESS PAYMEN | 1,481,386.74 | 0.00 | 1,481,386.74 |
| 10/03/2007 | 363.02N-03 | 051628 | DAWSON SURVEYIN PROFESSIONAL S | 13,000.00 | 0.00 | 1,494,386.74 |
| 11/07/2007 | PMT #2 | 051629 | NOBLE COMPANY, PROGRESS PMT #2 | 158,903.90 | 0.00 | 1,653,290.64 |
| 12/12/2007 | 1545 | 051938 | AUFBAU CORPORAT PROFESSIONAL S | 5,000.00 | 0.00 | 1,658,290.64 |
| 01/16/2008 | PP #3 REVISE | 051629 | NOBLE COMPANY, PROGRESS PMT #3 | 54,618.70 | 0.00 | 1,712,909.34 |
| 01/23/2008 | 2007-01 | 052082 | AMERICAN ASPHAL PROGRESS PAYME | 82,357.71 | 0.00 | 1,795,267.05 |
| 02/27/2008 | 1163394-IN | | KRAZAN AND ASSO SOILS AND MATE | 490.00 | 0.00 | 1,795,757.05 |
| 05/07/2008 | 1588 | 051938 | AUFBAU CORPORAT PROFESSIONAL S | 2,000.00 | 0.00 | 1,797,757.05 |
| Object 5650 Total: | | | | 1,797,757.05 | 0.00 | 1,797,757.05 |
| Org Key 1190303 Total: | | | | 1,797,757.05 | 0.00 | 1,797,757.05 |
| Grand Total: | | | | 1,797,757.05 | 0.00 | 1,797,757.05 |

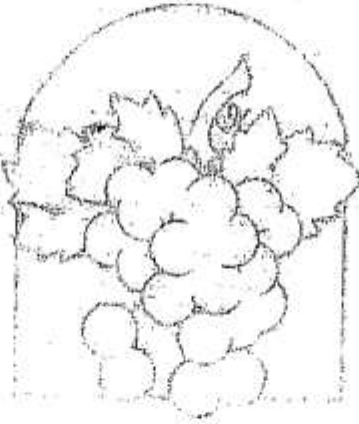
User: KSALDANA
Report: GL_TRNS_DTL_RC

KRISTIE SALDANA Page: 1
GL: Transaction Detail Report

Date: 05/22/2012
Time: 13:22:02

Exhibit "B"

City of Rancho Cucamonga
REMITTANCE ADVISE

| VENDOR ID | | VENDOR NAME | | CHECK DATE | CHECK NO. |
|---|----------|---------------------|---------------------|----------------|-------------|
| 002534 | | R. J. NOBLE COMPANY | | 08/22/07 | 256534 |
| INVOICE | DATE | PO NUMBER | DESCRIPTION | ACCOUNT NUMBER | NET AMOUNT |
| PMT #1 | 08/14/07 | 051629 | PROGRESS PAYMENT #1 | 1190303 5650 | 1481,386.74 |
| PMT #1 | 08/14/07 | | PROJ RET 1022190-0 | 1190000 2145 | -148,138.67 |
|  | | | | | |
| | | | | | |
| TOTAL | | | | | 1333,248.07 |



CITY OF RANCHO CUCAMONGA
Post Office Box 807
Rancho Cucamonga, CA 91729-0807
(909) 477-2700

Bank of America
Cucamonga Branch #56
8710 Peachtree Blvd
Rancho Cucamonga, CA 91730
18-05
1220

CHECK NO.

256534

DATE

08/22/07

PAY

ONE Million THREE Hundred THIRTY THREE Thousand TWO
Hundred FORTY EIGHT Dollars and SEVEN Cents

AP ACCOUNT

PAY EXACTLY

***1,333,248.07

TO THE
ORDER
OF

R J NOBLE COMPANY
15505 E LINCOLN AVE
ORANGE CA 92665


DONALD J. KUNTZ

JOE L. SMITH
CITY TREASURER

CONTRACT BILLING

R.J. Noble Company
15505 E. Lincoln Ave.
P.O. BOX 520
ORANGE, CA 92656
PHONE (714)637-1550
FAX (714)637-6321

Customer: City of Rancho Cucamonga
10500 Civic Center Dr.
Rancho Cucamonga, CA 91730
Phone: (909)477-2740
Fax:

Invoice No: PP #1
Job Number: 91097
Billing Date: July 31, 2007
Progress Payment No: 1
Job Description: Local Street Rehab, Rch Cucamonga

| Item | Description | Contract Quantity | U/M | Unit Price | Contract Amount | Previously Billed Quantity | Previously Billed Amount | Current Request Quantity | Current Request Amount | Total-To-Date Quantity | Total-To-Date Amount |
|-------------------|--------------------------------------|-------------------|-----|------------|-----------------|----------------------------|--------------------------|--------------------------|------------------------|------------------------|----------------------|
| 1 | 10 Ac Overlay | 18,240.0 | TN | 65.000 | 1,185,600.00 | 0.00 | 0.00 | 20,000.00 | 1,300,000.00 | 20,000.00 | 1,300,000.00 |
| 2 | VARIABLE COLD PLANE | 92,379.0 | SY | 1.370 | 126,559.23 | 0.00 | 0.00 | 103,202.00 | 141,386.74 | 103,202.00 | 141,386.74 |
| 3 | TRAFFIC CONTROL | 1.0 | LS | 40,000.000 | 40,000.00 | 0.00 | 0.00 | 1.00 | 40,000.00 | 1.00 | 40,000.00 |
| 4 | STRIPING, LEGENDS, CROSSWALKS ETC... | 1.0 | LS | 22,000.000 | 22,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount for Period | | | | | 1,374,159.23 | | 0.00 | | 1,481,386.74 | | 1,481,386.74 |
| Previous Amount | | | | | 1,374,159.23 | | 0.00 | | 1,481,386.74 | | 0.00 |
| Retention | | | | | | | 0.00 | | 148,136.67 | | 148,136.67 |
| Paid Amount | | | | | | | 0.00 | | 1,333,248.07 | | 1,333,248.07 |

STAFF REPORT

ENGINEERING DEPARTMENT



Date: April 4, 2007
To: Mayor and Members of the City Council
Jack Lam, AICP, City Manager
From: William J. O'Neil, City Engineer
By: Cindy Hackett, Associate Engineer
Subject: ACCEPT THE BIDS RECEIVED AND AWARD AND AUTHORIZE THE EXECUTION OF THE CONTRACT IN THE AMOUNT OF \$1,374,159.23 TO THE APPARENT LOW BIDDER, R.J. NOBLE COMPANY, AND AUTHORIZE THE EXPENDITURE OF A 10% CONTINGENCY IN THE AMOUNT OF \$137,415.92 FOR THE FY 2006/2007 LOCAL STREET PAVEMENT REHABILITATION - OVERLAY OF VARIOUS STREETS, TO BE FUNDED FROM PROP 42 TRAFFIC RELIEF FUNDS, ACCOUNT NO. 11903035650/1022190-0

RECOMMENDATION

It is recommended that the City Council accept the bids received and award and authorize the execution of the contract in the amount of \$1,374,159.23 to the apparent low bidder, R.J. Noble Company, and authorize the expenditure of a 10% contingency in the amount of \$137,415.92, for the FY 2006/2007 Local Street Pavement Rehabilitation - Overlay of Various Streets, to be funded from Prop 42 Traffic Relief funds, Account No. 11903035650/1022190-0.

BACKGROUND/ANALYSIS

Per previous Council action, bids were solicited, received and opened on March 13, 2007, for the subject project. The Engineer's estimate was \$1,631,911.65. Staff has reviewed all bids received and found them to be complete and in accordance with the bid requirements with any irregularities to be inconsequential. Staff has completed the required background investigation and finds all bidders meet the requirements of the bid documents.

The subject project previously bid and a contract was awarded to Bond Blacktop, Inc., but said contract was subsequently terminated for Bond Blacktop, Inc. being non-responsive to the needs of the City in the prosecution of this project. The work required in this project is seasonally sensitive and therefore staff recommended the Bond Blacktop, Inc. contract be terminated and the project be re-bid.

The FY 2006/2007 Pavement Rehabilitation - Overlay of Various Streets scope of work consists of crack sealing, cold planning, asphalt overlay, protection and/or adjustment of valve covers, protection of existing survey monuments and manholes, re-striping and pavement markings. The contract documents call for forty (40) working days to complete this construction.

Exhibit "C"

CITY COUNCIL STAFF REPORT

PAGE 2

RE: AWARD FY 2006/2007 LOCAL STREET PAVEMENT REHABILITATION - CAPE SEAL OF VARIOUS
STREETS

APRIL 4, 2007

Respectfully submitted,

William J. O'Neil
City Engineer

WJO:CH:ls
Attachment



THE CITY OF RANCHO CUCAMONGA

Mayor
DONALD J. KURTH, M.D.
Mayor Pro Tem
DIANE WILLIAMS
Councilmembers
REX GUTIERREZ
L. DENNIS MICHAEL
SAM SPAGNOLO
City Manager
JACK LAM, AJCP

June 14, 2007

R.J. Noble Company
15505 E. Lincoln Avenue
Orange, CA 92865

Attn: Mr. Tony Gatoff

Subject: Notice to Proceed
FY 2006/2007 Local Street Pavement Rehabilitation - Overlay of Various Streets

Dear Mr. Gatoff:

R.J. Noble Company is hereby notified to begin construction on the subject project. The first working day shall be Monday, June 18, 2007. In accordance with the contract, R.J. Noble Company must begin work within 10 days of the date specified.

Thirty-five (35) working days have been allotted for completion of construction. The project shall be completed on or before Tuesday, August 7, 2007 as specified in the contract. No work shall be attempted on Saturdays, Sundays or any Holidays recognized by the City except as approved by the City inspector.

Please contact me at (909) 477-2740 extension 4057 if you have any questions regarding this matter.

Sincerely,

Craig D. Cruz
Assistant Engineer

cc: Cindy Hackett, Associate Engineer
Jeff Ashcraft, Senior Construction Inspector

Exhibit "b"

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>